

Message Text

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APPROVED BY: EB/OCA/REP:LAKLIEFORTH

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EB/IFD/ODF/RASWART

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FM SECSTATE WASHDC

TO AMEMBASSY BRASILIA

INFO AMCONSUL RIO DE JANEIRO

AMCONSUL SAO PAULO

UNCLAS STATE 076930

E.O. 11652: N/A

TAGS: APUB, BR, EFIN

SUBJECT: PRESS RELEAST ON EXIMBANK CREDIT TO INDUSTRIA

BRASILEIRA DE TUBOS, S.AM

FOR YOUR INFORMATION ONLY, FOLLOWING IS FINAL TEXT OF EXPORT-
IMPORT BANK RELEASE ON THE DIRECT CREDIT OF \$1,260,000 TO
INDUSTRIA BRASILEIRA DE TUBOS, S.A. (IBT). RELEASE IS SCHEDULED
FOR ANN-

OUNCEMENT HERE IN WASHINGTON, D.C. FOR AM PAPERS,
THURSDAY, APRIL 17, 1975.

QUOTE: EXIMBANK SUPPORTS \$4.2 MIL-

LION SALE OF U.S. EQUIPMENT

FOR PIPE PLANT WITH \$1,260,000 CREDIT TO BRAZILIAN COMPANY

TO HELP FINANCE A \$4.2 MILLION SALE OF U.S. GOODS AND SERVICES

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REQUIRED IN CONNECTION WITH THE DESIGN AND CONSTRUCTION OF A

NEW PIPE FACILITY IN BRAZIL, THE BOARD OF DIRECTORS OF THE EXPORT-IMPORT BANK OF THE UNITED STATES HAS AUTHORIZED A DIRECT CREDIT OF \$1,260,000 TO FINANCE 30 PERCENT OF THE TOTAL U.S. COSTS, ACCORDING TO EXIMBANK'S CHAIRMAN WILLIAM J. CASEY. A CREDIT OF \$2,520,000 TO AN UNDESIGNATED COMMERCIAL PARTICIPATING BANK WILL FINANCE 60 PERCENT OF THE U.S. COSTS OF WHICH ONE HALF OR \$1,260,000 WILL BE COVERED BY EXIMBANK'S FINANCIAL GUARANTEE. THE OBLIGOR, INDUSTRIA BRASILEIRA DE TUBOS, S.A. (IBT), OF RIO DE JANEIRO, WILL MAKE CASH PAYMENT OF THE BALANCE OF THE U.S. COSTS OF 10 PERCENT OR \$420,000.

U.S. PURCHASES WILL INCLUDE SLITTING MILL, TUBE MILL, END FACING MACHINERY, CROP SAW AND CRUSH PRESS. MAJOR SUPPLIERS WILL BE BB EY ETNA MACHINE COMPANY OF PERRYSBURG, OHIO, AND PIPE MACHINERY COMPANY OF WICKLIFFE, OHIO. THE NEW FACILITY WILL BE CONSTRUCTED ADJACENT TO THE EXISTING LAMINACAO BRASILEIRA DE FERRO S.A. (BRASXERRO) FACILITIES NEAR RIO DE JANEIRO.

THE LOANS ARE TO BE REPAID IN 14 SEMIANNUAL INSTALLMENTS BEGINNING FEBRUARY 10, 1978. EXIMBANK'S DIRECT CREDIT OF \$1,260,000 WILL BE REPAID OUT OF THE LAST 5 INSTALLMENTS AT AN INTEREST RATE OF 8 PERCENT PER ANNUM, WHICH WHEN BLENDED WITH THE PORTION OF THE CREDIT FROM PRIVATE SOURCES RESULTS IN AN ESTIMATED INTEREST COST TO THE BORROWER, BASED ON CURRENT RATES, OF ABOUT 9.2 PERCENT TO 9.45 PERCENT PER ANNUM. REPAYMENT OF THE EXIMBANK LOAN AND EXIMBANK GUARANTEED LOAN IS TO BE GUARANTEED BY LAMINACAO BRASILEIRA DE FERRO S.A. AND MARUBENI DO BRASIL. UNQUOTE. INGERSOLL

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TAGS: APUB, EFIN, BR, XMB, INDUSTRIA BRASILEIRA DE TUBOS S A
To: BRASILIA
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